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1980 BACKGROUND PAPER NO. 3

THE LAGING OF THE LOCAL POPULATION
AND THE PROBLEM OF "DEPENDENCY"

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THE
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INTRODUCTION

The fact that the size of the seniors population will undergo a rapid increase during the next decade has received considerable public attention. This has resulted in some dire predictions about the consequences of having this "dependent" population growing rapidly "on the backs" of the working population who, after all, foot the bill.

The purpose of this paper is to examine this problem in the local area. The problem, in a nutshell, is as follows - The working population is responsible for caring for the non-working "dependent" population. The major vehicle of support, of course, are taxes and the fear is that as the dependent population increase, the working age population and, therefore, the tax base, will necessarily decrease. At some hypothetical point, it will become increasingly more difficult for this working group to support the dependent group. With taxes already at a high rate, it is feared that this rapid increase in the seniors "dependent" population may be the element which tips the scales.

THE SIZE OF THE SENIORS POPULATION

This apparent problem is shown in numerical terms on Table I. In the second half of the 19th century, the size of the seniors population in Hamilton-Wentworth will have increased by almost 125%. The single largest increase will take place during the 1980's when the "baby boom" of the 1920's enters that age group. (For more discussion of this matter, see "1980 Background Paper No. 2 - Age-Related Demand in Two Service Sectors During the 1980's".)

Their share of the population will have increased from a low of 8.1% in 1961 to 11.7% in 2001.

TABLE I: POPULATION AGED 65 AND OVER, HAMILTON-WENTWORTH

YEAR	POPULATION	65 AND OVER		OLD AGE DEPENDENCY RATIO
		#	%	
1951	226,083	22,501	8.5	13
1961	358,837	29,073	8.1	13
1971	401,880	35,495	8.8	14
1981	435,610	40,338	9.3	14
1991	473,654	48,635	10.3	16
2001	433,654	50,582	11.7	15

Also included on Table I is the "old age dependency ratio". This statistic indicates the size of the "seniors population" relative to the working age population. The higher the dependency ratio, the larger the size of the dependent population.

It is this view, as presented in Table I which has been the basis for much of the concern about the increased size of the seniors population. The problem with this view, however, is that it ignores some other very important considerations.

The aged are only one component of the "dependent population" and there is a problem in viewing that one component in isolation. Another major component of the dependent population are children and their proportion in the population is forecast to diminish over the next decade. Thus, as one component is growing (the aged), another is reducing (children). The overall effects of this are illustrated in the dependency ratio presented in Table II.

According to these projections, the total ratio may increase somewhat during the eighties but still remain well below the high point of 1961.

THE ACTUAL DEPENDENT POPULATION

This also presents an incomplete picture of population dependency. The actual "dependent" population is composed of all persons who are not working. This includes the unemployed and persons of working age who are not in the labour force as well as the young and the old. The labour force participation rate, then, can have a major effect upon the size of the dependent population.

TABLE II: DEPENDENCY RATIOS FOR WENTWORTH
COUNTY BY DECADE, 1951-2001



Source: Social Trends in Hamilton-Wentworth, S.P.R.C., 1978

To control for this problem, we have attempted to calculate the actual size of the local dependent population for the thirty year period from 1961 to 1991. The "dependent population", as we have defined it, is composed of the following sub-groups:

- 1) Youth
- 2) Unemployed working age persons
- 3) All persons not in the labour force
(this would include the senior citizens
population)

The results of these calculations are presented in Table III. The figures for 1961, 1971 and 1976 are the actual figures, taken from the Census for those years.

For the 1991 situation, we used population figures from the population projections for Wentworth County from provincial sources. We then constructed three possible scenarios based upon different rates of labour force participation and unemployment.

The first scenario was the "no-change" alternative. It assumed that labour force participation and unemployment would be the same in 1991 as they were in 1976. This is the most pessimistic of the forecasts.

The second scenario assumes an increase in the local participation rate to a level representing the provincial average in 1976 with no change in unemployment. This would necessitate a marked increase in female labour force participation in the local area. As of 1976, our female labour force participation rate was well below that of the provincial average.

TABLE III: THE "DEPENDENT POPULATION" IN HAMILTON-WENTWORTH
1961 TO 1991

	Population	14 & Under	Labour Force	Employed	Un-Employed	Not in Labour Force	Dependent #	Dependent %
1961 Actual	358,837	112,244	139,737	133,589	6,148	106,856	225,248	62.8
1971 Actual	401,885	110,290	176,200	162,015	14,185	115,395	239,876	59.7
1976 Actual	409,490	96,985	186,850	174,555	12,295	125,655	234,935	57
1991-Participation Rate=59.8 -Unemployment Rate = 6.5	462,906	101,983	215,831	201,802	14,029	145,093	261,105	56
1991-Participation Rate=62 -Unemployment Rate = 6.5	462,906	101,983	223,772	209,227	14,545	125,964	242,492	52.4
1991-Participation Rate=62 -Unemployment Rate = 5.0	462,906	101,983	223,772	212,585	11,187	125,964	239,134	52

The third scenario assumes that the participation rate will climb and the unemployment rate will decrease which, in fact, it has done since 1976. Given the projected labour force shortage by the end of the 1980's, it is quite possible that the unemployment rate could fall further during the decade. (For further discussion, see Background Paper No. 1.)

Regardless, however, of which scenario comes about, the actual size of the dependent population should be lower during the 1980's than during the previous twenty years. If the most optimistic forecast comes about (scenario number three), then the decrease could be almost eleven percentage points.

CONCLUSIONS

With adequate planning, the increase in the size of the seniors population does not imply some of the disastrous consequences which have been played up in the public consciousness.

It does not have to put added pressure upon the working population and, therefore, the overall tax base which supports the service system.

Obviously, some kind of re-allocation of funds is necessary as this age group increases during the next decade. The service sectors which will feel the increase in demand will require funding increases, but these could come about through the re-allocation of existing monies.

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